

**CADDO PARISH SHERIFF**  
Shreveport, Louisiana

Financial Statements  
Year ended June 30, 2005

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**CADDO PARISH SHERIFF**  
Shreveport, Louisiana

Financial Statements  
Year ended June 30, 2005

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Management's Discussion and Analysis (Unaudited)

**CADDO PARISH SHERIFF**  
Shreveport, Louisiana

Management's Discussion and Analysis (Unaudited)  
June 30, 2005

Within this section of the Caddo Parish Sheriff's ("Sheriff") office annual financial report, the Sheriff's management is to provide this narrative discussion and analysis of the financial activities of the Sheriff for the fiscal year ended June 30, 2005. The Sheriff's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

**FINANCIAL HIGHLIGHTS**

The Sheriff's assets exceeded its liabilities by \$13,629,807 (net assets) for the fiscal year ended June 30, 2005.

The net assets are composed of the following:

- Capital assets, net of related debt, of \$2,687,200 representing property and equipment net of accumulated depreciation of \$5,076,419, which is reduced by outstanding debt of \$-0- related to the purchase of capital assets.
- Unrestricted net assets of \$10,942,607 represent the portion available to maintain the Sheriff's continuing obligation to the citizens of Caddo Parish.

The Sheriff's governmental funds reported total ending fund balance of \$12,722,554 this year. This compares to the prior year ending fund balance of \$12,243,613 showing an increase of \$478,941 during the current year.

At the end the current fiscal year, unreserved fund balance for the General Fund was \$12,713,316, which represents 56.97% of the total expenditures of the Sheriff's General Fund and 55.73% of total revenues in the General Fund including other financing sources. Overall, the Sheriff's office continues to maintain a strong financial position, in spite of a depressed economy.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management Discussion and Analysis document introduces the Sheriff's basic financial statements. The basic financial statements include (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Sheriff also includes in this report, additional information to supplement the basic financial statements.

Exhibit 1, below, summarizes the major features of the Sheriff's financial statements, including the portion of the Sheriff's government they cover and the types of information they contain. The remainder of this overview section of this Management's Discussion and Analysis explains the structure of the contents of each of the statements.

Exhibit 1 Major Features of Sheriff's Government and Fund Financial Statements			
	Fund Statements		
	Government-wide Statements	Governmental Funds	Fiduciary Funds
Scope	The entire Sheriff's governmental unit (excluding fiduciary funds).	The activities of the Sheriff that are not proprietary or fiduciary, such as public safety.	Instances in which the Sheriff is the trustee or agent for someone else's resources.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets.</li> <li>• Statement of activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet.</li> <li>• Statement of revenue, expenditures and changes in fund balances.</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets.</li> </ul>

	Fund Statements		
	Government-wide Statements	Governmental Funds	Fiduciary Funds
Accounting basis and measurements focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resource focus.
Type of asset/liability	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets are included.	All assets and liabilities, both short-term and long-term; the Sheriff's funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is paid or received.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments are due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Sheriff's annual report includes two government-wide financial statements. These statements provided both long-term and short-term information about the Sheriff's overall financial status. Financial reporting at this level uses a perspective similar to private sector using the economic resources measurement focus and the accrual basis of accounting.

The first of these government-wide statements is the Statement of Net Assets. The government-wide statement of position presents information that includes all of the Sheriff's assets and liabilities, with the difference reported as net assets. Increase or decrease in net assets may serve as a useful indicator of whether the financial position of the Sheriff as a whole is improving or deteriorating. Evaluation of the overall health of the Sheriff would extend to other non-financial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Sheriff's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when fund is received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the Sheriff's distinct activities or functions on revenues provided by the Sheriff's taxpayers.

The government-wide financial statements present governmental activities of the Sheriff's that are principally supported by property and sales taxes. The sole purpose of these governmental activities is public safety. The government-wide financial statements are presented on pages 8 and 9.

### FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Sheriff uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Sheriff's most significant funds rather than the Sheriff as a whole.

The Sheriff uses two kinds of funds, governmental funds and fiduciary funds:

In fund financial statements, governmental funds encompass the same functions reported as governmental activities in government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Sheriff's governmental funds, including object classifications. The funds' statements report short-term fiscal accountability focusing on the use of expendable resources and balances of expendable resources available at the end of the year. The funds' statements are utilized in evaluating annual financial requirements of governmental programs and the commitment of expendable resources of the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both

the government fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic government fund financial statements are presented on pages 10 to 14 of this report.

Fiduciary funds – consists of agency funds which are reported in the fund financial statements and report taxes collected for the other taxing bodies, deposits held pending court actions and the individual prison inmate accounts.

#### Notes to the basic financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 15 of this report.

#### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Sheriff's budget presentation. Budgetary comparison statements are included as "required supplementary information" for the General Fund. This statement demonstrates compliance with the Sheriff's adopted and final revised budget and can be found on page 26 in this report.

#### FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE

The Sheriff implemented a new financial reporting model, GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* which is used in this report, beginning with fiscal year ended June 30, 2003. Over time, as year to year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Sheriff as a whole.

The Sheriff's government-wide net assets at June 30, 2005 are \$13,629,807. The following table provides a summary of the Sheriff's government-wide assets, liabilities and net assets:

Assets	2005		2004	
Cash, cash equivalents, receivables and other assets	\$ 13,922,616	83.82%	\$ 12,709,402	88.21%
Capital assets, net of accumulated depreciation	2,687,200	16.18%	1,699,471	11.79%
Total assets	<u>16,609,816</u>	<u>100.00%</u>	<u>14,408,873</u>	<u>100.00%</u>
Liabilities				
Current liabilities	1,883,558	63.21%	1,605,599	73.17%
Long-term liabilities	1,096,451	36.79%	588,855	26.83%
Total liabilities	<u>2,980,009</u>	<u>100.00%</u>	<u>2,194,454</u>	<u>100.00%</u>
Net Assets				
Investment in capital assets	2,687,200	19.72%	1,699,471	19.72%
Unrestricted	<u>10,942,607</u>	<u>80.28%</u>	<u>10,514,948</u>	<u>80.28%</u>
Net assets	<u>\$ 13,629,807</u>	<u>100.00%</u>	<u>\$ 12,214,419</u>	<u>100.00%</u>

The Sheriff continues to maintain a high current ratio. The current ratio compares assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for the government activities is 7.39:1.

The Sheriff reported positive balances in net assets of the government-wide activities. Net assets increased \$1,415,388 for government-wide activities over government wide net assets of \$12,214,419 reported at the end of the prior fiscal year. The Sheriff has \$13,629,807 in net assets as of June 30, 2005, of which 19.72% of the government-wide activities' net assets are associated with capital assets. The Sheriff uses these capital assets to provide services to the citizens of Caddo Parish in the performance of its public safety activities.

The following table provides a summary of the Sheriff's changes in net assets.

<b>Revenues</b>		
Program revenues		
Fees, fines and charges for services	\$ 4,824,028	\$ 4,850,588
Operating grants and contributions	394,588	462,901
General Revenues		
Taxes		
Property taxes	13,343,635	12,979,900
Sales and use taxes	1,950,425	1,688,803
State revenue sharing	917,045	407,544
Supplemental pay	639,233	668,950
Proceeds from sale of general fixed assets	27,253	22,512
Interest and investment earnings	254,288	92,637
Miscellaneous	558,566	502,668
Total revenues	<u>22,909,061</u>	<u>21,676,503</u>
Program expenses		
Public safety	<u>21,493,673</u>	<u>20,152,904</u>
Total expenses	<u>21,493,673</u>	<u>20,152,904</u>
Change in net assets	1,415,388	1,523,599
Beginning net assets	<u>12,214,419</u>	<u>10,690,820</u>
Ending net assets	<u>\$ 13,629,807</u>	<u>\$ 12,214,419</u>

#### **FUND LEVEL STATEMENTS**

##### **GOVERNMENTAL REVENUES**

The Sheriff is heavily reliant on property taxes to support its operations. Property taxes, which total \$13,343,635 in fiscal year 2005 compared to \$12,979,900 in fiscal year 2004, provided 58.25% of the Sheriff's total revenues. The Sheriff has earned \$254,288 in interest on funds available, which in turn, have been used to support the Sheriff's government activities. Program revenues, including fines and fees, cover 22.45% in fiscal year 2005 and 24.07% in fiscal year 2004, respectively, of the governmental operating expenses.

#### **FINANCIAL ANALYSIS OF THE SHERIFF'S FUNDS**

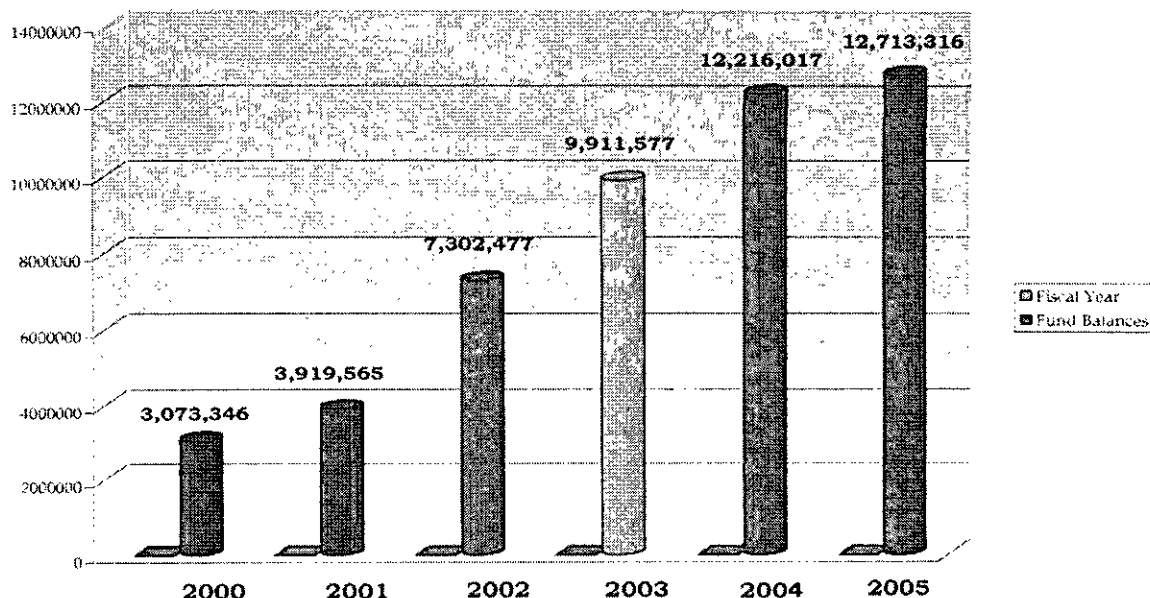
As discussed, government funds are reported in the fund statements with a short-term, inflow and outflow of expendable resources focus. This information is useful in assessing resources available at the end the year in comparison with upcoming financing requirements. Government funds reported ending fund balances of \$12,722,554.

#### **MAJOR GOVERNMENTAL FUNDS**

The General Fund is the Sheriff's primary operating fund and source of day-to-day administrative and operations service. The General Fund's fund balance as of June 30, 2005 was \$12,713,316, which was an increase of \$497,299 over the prior year's fund balance. In fiscal year 2004, the fund balance increase was \$2,304,440. The increasing fund balance is attributed to responsible fiscal management of increased revenue and controlled expenditures.

The following chart illustrates the General Fund's ending fund balance for the past six fiscal years:

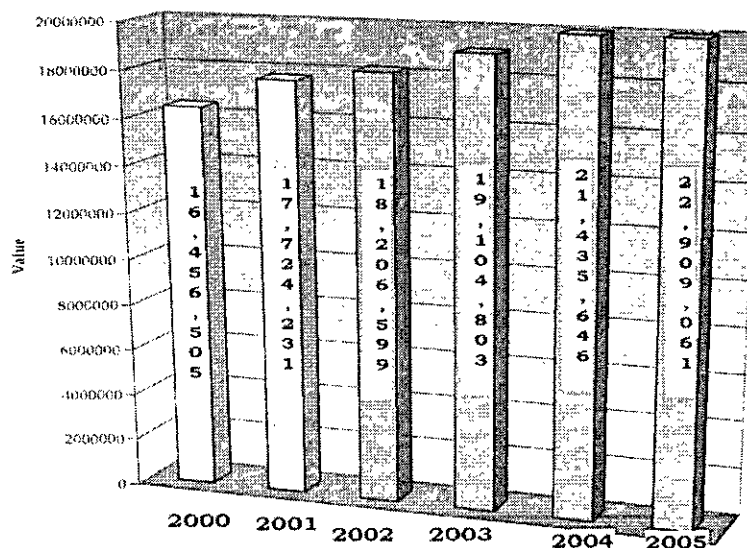
Caddo Parish Sheriff's Office Fund Balance



The Sheriff's General Fund includes Federal grants, Federal and State drug forfeiture funds. These funds had a decrease of \$18,358 in fund balances.

The major factors contributing to this change were increase in 2005 of property tax collections and sales tax collections. The following chart illustrates the General Fund's total revenues for the past six fiscal years:

CPSO General Fund Revenue

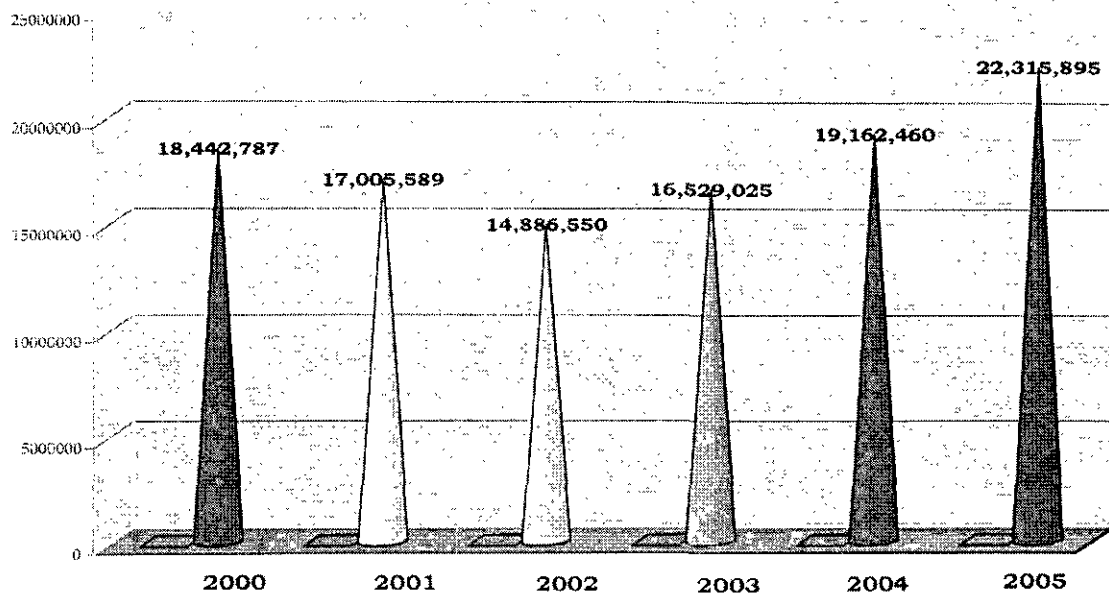


Operating expenditures totaled \$22,315,895 for the fiscal year 2005, which was approximately \$3,153,435 or 16.46% greater than expenditures (\$19,162,460) in fiscal year 2004. The predominate



contributing factors to this increase was an increase in capital outlay of \$1,471,213 and Caddo Correctional Center expenses \$1,000,000 and salaries and related costs which increased approximately \$529,110 over prior year. The following chart illustrates the General Fund's total expenditures for the past six fiscal years:

CPSO General Fund Expenditures

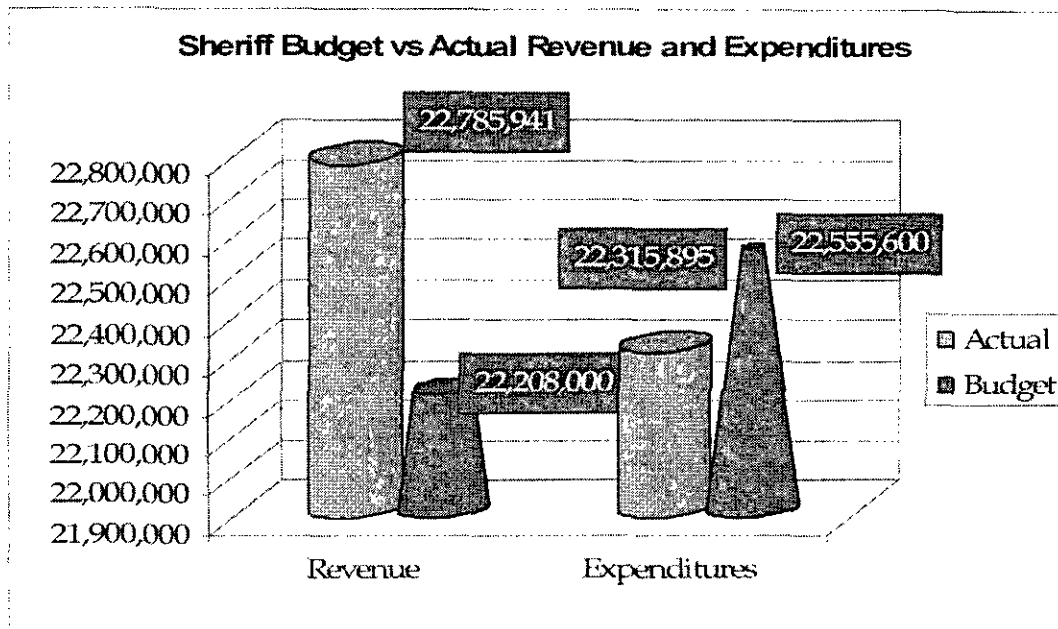


#### BUDGETARY HIGHLIGHTS

The General Fund's original revenue budget was greater than the actual amounts recorded in fiscal year 2004. The final, amended budgeted revenue of \$22,208,000 exceeded the actual amount received, \$21,951,112, in fiscal year 2004. The actual revenue recognized, on the budgetary basis, in fiscal year 2005 of \$22,784,888, exceeds the amended budgeted revenue by \$576,888.

The final amended budget reported revenue which was a 3.77% increase over revenue in the original budget. The amended budget reflected a decrease of 2.53% in expenditures from the original budget. Although the overall increase in the amended budget was minimal, changes in the expenditures budget included a 14.5% increase in group health insurance premiums, and \$2,000,000 funding to the Caddo Correctional Center.

The following graph demonstrates the budgeted and actual revenue and expenditures for fiscal year 2005.



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital assets

The Sheriff's investment in capital assets, net of accumulated depreciation of \$5,076,419 as of June 30, 2005 was \$2,687,200. See Note 6 for additional information about changes in capital assets during the fiscal year. The following table provides a summary of capital asset activity.

	2005	2004
Depreciable assets:		
Automobiles, office furniture and equipment	\$ 7,183,518	\$ 5,750,722
Computer equipment	580,101	507,629
Total depreciable assets	<u>7,763,619</u>	<u>6,258,351</u>
Less: accumulated depreciation	<u>5,076,419</u>	<u>4,558,880</u>
Book value – depreciable assets	<u>\$ 2,687,200</u>	<u>\$ 1,699,471</u>
Percentage depreciated	<u>65.39%</u>	<u>72.84%</u>

At June 30, 2005, the depreciable capital assets for government activities were 65.39% depreciated versus 72.84% in the prior year.

Depreciation expense of computer equipment, office equipment and vehicles was \$848,339 for fiscal year 2005 and is included in total expenses for the public safety activity.

### CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Sheriff's finances, comply with finance-related laws and regulations, and demonstrate the Sheriff's commitment to public accountability. If you have questions about this report contact Gwet Folsom, Caddo Parish Sheriff's Office, 505 Travis Street, Room 700, Shreveport, LA 71101.

## **Government – Wide Financial Statements**

**CADDO PARISH SHERIFF**  
**Shreveport, Louisiana**

**Statement of Net Assets**  
**June 30, 2005**

<b>Assets</b>	
Cash and cash equivalents	\$ 11,520,042
Receivables	406,445
Investments	1,996,129
Capital assets, net of accumulated depreciation	<u>2,687,200</u>
<b>Total Assets</b>	<b><u>16,609,816</u></b>
 <b>Liabilities and Net Assets</b>	
<b>Liabilities</b>	
Accounts payable	156,090
Accrued expenses	643,972
Long-term liabilities	
<i>Portion due within one year</i>	
Accrued compensated absences	956,301
Notes payable	127,195
<i>Portion due after one year</i>	
Accrued compensated absences	823,646
Notes payable	<u>272,805</u>
<b>Total Liabilities</b>	<b><u>2,980,009</u></b>
 <b>Net Assets</b>	
Invested in capital assets	2,687,200
Unrestricted	<u>10,942,607</u>
<b>Total Net Assets</b>	<b><u>\$ 13,629,807</u></b>

The accompanying notes are an integral part of the financial statements.

**CADDO PARISH SHERIFF**  
**Shreveport, Louisiana**

**Statement of Activities**  
**for the Year ended June 30, 2005**

Functions/programs	Program Revenues			Net (expense) revenue and changes in net assets
	Expenses	Fees, fines and charges for services	Operating grants and contributions	
Governmental activities				
Public safety and judicial prosecution	<u>\$ 21,493,673</u>	<u>\$ 5,346,913</u>	<u>\$ 394,588</u>	<u>\$ (15,752,172)</u>
Total governmental activities	<u>\$ 21,493,673</u>	<u>\$ 5,346,913</u>	<u>\$ 394,588</u>	<u>\$ (15,752,172)</u>
General Revenues				
Taxes -				
Property taxes				13,343,635
Sales and use taxes				1,950,425
State revenue sharing				394,160
Supplemental pay				639,233
Proceeds from sale of general fixed assets				27,253
Interest and investment earnings				254,288
Miscellaneous				<u>558,566</u>
Total general revenues				<u>17,167,560</u>
Changes in net assets				1,415,388
Net assets, July 1, 2004				<u>12,214,419</u>
Net assets, June 30, 2005				<u>\$ 13,629,807</u>

The accompanying notes are an integral part of the financial statements.

## **Fund Financial Statements**

**CADDO PARISH SHERIFF**  
**Shreveport, Louisiana**

**Balance Sheet - Governmental Funds**  
**June 30, 2005**

	General Fund	Special Revenue Funds	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 11,510,804	\$ 9,238	\$ 11,520,042
Receivables	371,195	-	371,195
Due from Tax Collector	35,250	-	35,250
Investments	1,996,129	-	1,996,129
<b>Total Assets</b>	<b>\$ 13,913,378</b>	<b>\$ 9,238</b>	<b>\$ 13,922,616</b>
<b>Liabilities and Fund Balances</b>			
Current liabilities			
Accounts payable	\$ 156,090	\$ -	\$ 156,090
Accrued expenses	643,972	-	643,972
Total current liabilities	800,062	-	800,062
Long term liabilities			
Notes payable	400,000	-	400,000
Total Liabilities	1,200,062	-	1,200,062
Fund balances			
Fund balances:			
Unreserved - undesignated	12,713,316	9,238	12,722,554
Total Fund Balances	12,713,316	9,238	12,722,554
<b>Total Liabilities and Fund Balances</b>	<b>\$ 13,913,378</b>	<b>\$ 9,238</b>	<b>\$ 13,922,616</b>

The accompanying notes are an integral part of the financial statements.

**CADDO PARISH SHERIFF**  
**Shreveport, Louisiana**

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets**  
**June 30, 2005**

Total fund balances - Governmental Funds	\$ 12,722,554
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Capital Assets used in governmental activities are not financial resources and therefore, are not reported in the funds. Those assets consist of:

Cost of capital assets at June 30, 2005	\$ 7,763,619	
Less accumulated depreciation	<u>( 5,076,419)</u>	2,687,200

Long-term liabilities at June 30, 2005

Compensated absences payable	<u>( 1,779,947)</u>
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Total net assets - government-wide activities	<u><u>\$ 13,629,807</u></u>
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**CADDO PARISH SHERIFF**  
**Shreveport, Louisiana**

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year ended June 30, 2005**

	General Fund	Special Revenue Fund	Totals
<b>Revenues</b>			
Ad valorem taxes	\$ 13,343,635	\$ -	\$ 13,343,635
Sales taxes	1,950,425	-	1,950,425
Intergovernmental revenues			
Federal grants	256,074	93,452	349,526
State sources			
Grants	45,062	-	45,062
Revenue sharing	394,160	-	394,160
Supplemental pay	639,233	-	639,233
Fees, charges, and commissions for services			
Commissions on state revenue sharing	522,885	-	522,885
Civil and criminal fees	3,390,575	-	3,390,575
Administrative - Caddo Correctional Center (CCC)	1,342,044	-	1,342,044
Transporting prisoners	91,409	-	91,409
Interest	253,057	1,231	254,288
Miscellaneous	557,382	1,184	558,566
Total revenues	<u>22,785,941</u>	<u>95,867</u>	<u>22,881,808</u>
<b>Expenditures</b>			
Current- public safety			
Personal services and related benefits	15,364,438	-	15,364,438
Operating services	1,488,522	-	1,488,522
Materials and supplies	1,094,339	2,111	1,096,450
Other charges	644,642	-	644,642
Capital outlay	1,723,954	112,114	1,836,068
Payments to CCC	2,000,000	-	2,000,000
Total expenditures	<u>22,315,895</u>	<u>114,225</u>	<u>22,430,120</u>
 Excess of revenues over expenditures	 470,046	 ( 18,358)	 451,688
 Other financing sources			
Proceeds from sale of general fixed assets	27,253	-	27,253
Total other financing sources	<u>27,253</u>	<u>-</u>	<u>27,253</u>
 Net change in fund balances	 497,299	 ( 18,358)	 478,941
 Fund balances at beginning of year	 <u>12,216,017</u>	 <u>27,596</u>	 <u>12,243,613</u>
Fund balances at end of year	<u>\$ 12,713,316</u>	<u>\$ 9,238</u>	<u>\$ 12,722,554</u>

The accompanying notes are an integral part of the financial statements.

**CADDO PARISH SHERIFF**  
**Shreveport, Louisiana**

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds to the Statement of Activities  
for the Year ended June 30, 2005**

Net change in fund balances		\$ 478,941
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense:		
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 1,836,068	
Less depreciation expense recorded for the year ended June 30, 2005	<u>( 848,339)</u>	987,729
Compensated absences increase in current year		<u>( 51,282)</u>
Change in net assets government-wide activities		<u><u>\$ 1,415,388</u></u>

**CADD0 PARISH SHERIFF**  
**Shreveport, Louisiana**

**Statements of Net Assets**  
**Fiduciary Funds - Agency Funds**  
**June 30, 2005**

**Assets**

Cash and cash equivalents	\$ 5,928,159
Receivables	<u>118,633</u>
Total Assets	<u>\$ 6,046,792</u>

**Liabilities**

Accounts payable	\$ 406,849
Due to Sheriff's Office	35,250
Unsettled balances due to taxing bodies and others	<u>5,604,693</u>
Total Liabilities	<u>\$ 6,046,792</u>

The accompanying notes are an integral part of the financial statements.

**CADDO PARISH SHERIFF**  
Shreveport, Louisiana

**Notes to Financial Statements**  
June 30, 2005

**Introduction**

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Caddo Parish Sheriff (the "Sheriff") serves a four-year term as the chief executive officer of the law enforcement district and as ex-officio tax collector of the Parish. The Sheriff administers the Parish jail system and exercises duties required by the Parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas.

As the chief law enforcement officer of the Parish, the Sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the Parish. The Sheriff provides protection to the residents of the Parish through on-site patrols and investigations and serves the residents of the Parish through the establishment of neighborhood watch programs, anti-drug abuse programs, etc. In addition, when requested, the Sheriff provides assistance to other law enforcement agencies within the Parish.

As the ex-officio tax collector of the Parish, the Sheriff is responsible for collecting and distributing ad valorem property taxes, state revenue sharing funds, sporting licenses and fines, costs, and bond forfeitures imposed by the district court.

**Note 1 - Reporting Entity and Summary of Significant Accounting Policies**

**Reporting Entity** - The basic criterion for determining whether a governmental organization should be included in a primary governmental unit's reporting entity for financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit burden relationship. In addition, an organization which is fiscally dependent on the primary government or an entity which when excluded would create misleading or incomplete financial statements should be included in its reporting entity. The accompanying financial statements include the operations of the Sheriff. There are no component units for which the Sheriff is financially accountable.

The position of Sheriff is a constitutional office and as such has power to set budgets, call tax elections, and appropriate funds with no oversight or review by the Caddo Parish Commission (the "Commission"). The Commission has an obligation to furnish the Sheriff's office space and minimal financial support according to state statutes. The Commission is not responsible for the financing of deficits of the Sheriff, nor is it entitled to receive any surplus. The Sheriff is included as a component unit in the reporting entity of the Commission for financial reporting purposes due to the financial relationships between the entities and because the exclusion of the law enforcement functions of parish government would make the financial statements misleading and incomplete.

By agreement between the Sheriff and the Commission, the Sheriff manages and operates the jail facility, known as the Caddo Correctional Center ("Center"). The Sheriff also maintains accounting records, prepares annual budgets, and prepares financial information. The maintenance and operation of the Center is funded by a one-quarter cent sales tax. The Sheriff receives directly all funds generated from any source as a result of operations of the Center, including concessions, telephones, and grants, all of which are dedicated to the operation of the Center. Ultimate responsibility for the Center is vested in the Commission. The financial operations of the Center are reflected in the financial statements of the Commission and are not reflected in the financial statements of the Sheriff.

Beginning in 2003 the Sheriff occupied space in the Parish Complex. The cost of maintaining and operating the Parish Courthouse and the Parish Complex, as required by Louisiana law, is paid by

the Commission. These expenditures are not recorded in the accompanying financial statements.

**Basis of presentation** - The accompanying basic financial statements of the Sheriff have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999. As a result, an entirely new financial presentation format has been implemented.

**Government-Wide Financial Statements (GWFS)** - The Statement of Net Assets and the Statement of Activities display information about the Sheriff as a whole. These statements include all the financial activities and funds of the reporting entity, which are considered to be governmental activities. Fiduciary funds are reported only in the Statement of Net Assets - Fiduciary Funds at the fund financial statement level.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of the functions of the Sheriff's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program revenues include (a) fees and charges paid by the recipients of services offered by the sheriff, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements** - The Sheriff uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Sheriff's functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Sheriff are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Sheriff or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least ten (10%) percent of the corresponding total for all governmental funds.

The Sheriff reports the following major governmental funds:

**General Fund** - The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Sheriff and accounts for the operations of the Sheriff. The Sheriff's primary source of revenue is an ad valorem tax levied by the law enforcement district and state revenue sharing. Other sources of revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees and transporting of prisoners, etc. General operating expenditures are paid from this fund.

**Special Revenue Fund** - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Sheriff is the direct recipient of certain federal grant funds and, therefore, accounts for such in a special revenue fund.

The Sheriff also reports the following fund types:

**Fiduciary Funds** - Fiduciary funds are used to account for assets held by the Sheriff in a trustee capacity or as an agent for individuals, private organizations, and other governmental units. The only funds accounted for in this category by the Sheriff are agency funds.

Agency Funds are used to account for assets held in a trustee capacity. The Sheriff's Agency Funds are used as depositories for civil suits, cash bonds, taxes, fees, etc.

Disbursements from these funds are made to various parish agencies, litigants in suits, etc., in the manner prescribed by law.

The accounts of the Tax Collector Agency Fund are established to reflect the collections imposed by law, distributions pursuant to such law, and unsettled balances due various taxing bodies and others.

The Agency Funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus.

#### **Measurement focus/basis of accounting**

The governmental financial statements were prepared using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Sheriff's operations.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Sheriff considers all revenues available if they are collected within sixty (60) days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements are accounted for using an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset used.

The governmental funds use the following practices in recording revenues and expenditures:

#### **Revenues**

Ad valorem taxes, sales taxes and commissions earned from state revenue sharing are recorded in the year they become due and payable. Ad valorem taxes are assessed for the calendar year, become due on December 30 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of the fiscal year. The lien date is January 1, when interest begins accumulating at one-percent monthly. Revenue sharing is generally collected in three equal installments in December, March and May of the fiscal year.

Intergovernmental revenues and fees, charges, and commissions for services are recorded when the Sheriff is entitled to the funds.

Interest income on time deposits is recorded as earned.

Substantially all other revenues are recorded when received.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**Other Financing Sources (Uses)**

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses).

**Deferred Revenues**

Deferred revenues arise when resources are received by the Sheriff before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the Sheriff has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

The Fiduciary Funds (Agency Funds) use the following practices in recording additions and reductions:

**Additions** - The majority of additions are not susceptible to accrual because they are not measurable until received in cash.

**Reductions** - Reductions are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**Budgetary Accounting** - The Sheriff utilizes the following procedures in establishing the budgetary data for the General Fund:

- 1) During May, the Sheriff's office prepares the proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) A public hearing is held on the proposed budget.
- 3) The adopted budget is published in the official journal prior to the commencement of the fiscal year for which the budget is being adopted.
- 4) A public hearing is held for proposed amendments to the budget.
- 5) Amended budget is published in official journal.
- 6) All budgetary appropriations lapse at the end of each fiscal year.
- 7) The budget is prepared on the same basis as these financial statements are prepared, specifically the modified accrual basis, as described in the preceding pages. Expenditures may not legally exceed appropriations on a fund basis.

The Sheriff does not establish a formal legally adopted budget for the Special Revenue Fund.

The proposed budget for the year ended June 30, 2005 was made available for public inspection and was published in the official journal of Caddo Parish, ten days before the public hearing, which was held on June 23, 2004 at the Caddo Parish Sheriff's office for comments from taxpayers. The budget was amended and published ten days before the public hearing, which was held on June 27, 2005 at the Caddo Parish Sheriff's office for comments from taxpayers.

**Encumbrances and Budget** - Encumbrance accounting, under which purchase orders are recorded to reserve that portion of the applicable appropriation, is not employed. However, formal integration of the budget into the accounting records is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

**Cash and interest-bearing deposits** - Cash and interest-bearing deposits include amounts in demand deposits, interest-bearing demand deposits and time deposits. These deposits are stated at cost, which approximates market.

**Investments** - Investments are reported at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

State statutes generally authorize the Sheriff to invest in direct United States Treasury obligations; indebtedness issued or guaranteed by federal governmental agencies (provided such obligations are backed by the full faith and credit of the U.S. government); indebtedness issued or guaranteed by federally sponsored U.S. government agencies; time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana; or mutual or trust fund institutions which are registered with the Securities and Exchange Commission. In addition, local governmental entities in Louisiana are authorized to invest in the Louisiana Asset Management Pool Inc. ("LAMP"), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

State law authorizes the Sheriff, as the Tax Collector for Caddo Parish, to deposit tax collections in interest-bearing accounts with a bank domiciled in the parish when the funds are collected. Furthermore, state statutes authorize the Tax Collector to invest in direct United States Treasury obligations; indebtedness issued or guaranteed by federal governmental agencies (provided such obligations are backed by the full faith and credit of the U.S. government); indebtedness issued or guaranteed by federally sponsored U.S. government agencies; time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the state of Louisiana; or mutual or trust fund institutions which are registered with the Securities and Exchange Commission.

While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a-7, which governs registered money market funds. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. The dollar weighted average portfolio maturity of LAMP investments is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost. LAMP is designed to be highly liquid to give participants immediate access to their account balances. For financial reporting purposes, investments with the LAMP are treated as cash equivalents.

**Capital assets** - Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The sheriff maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the useful lives of 5-10 years for furniture, fixtures and equipment and 5 years for vehicles.

**Compensated Absences** - Employees of the Sheriff's office earn from 10 to 20 days of vacation leave and sick leave each year, depending upon their length of service. Employees resigning or the heirs of deceased employees may be paid for unused vacation leave at the employee's current rate of pay. Payment of accumulated sick leave is granted at the discretion of the Sheriff, but employees are not paid for accumulated sick leave upon retirement or resignation. The Sheriff accrues the expense for the current portion of the liability for compensated absences in the fund financial statements. The long term portion of the accrued liability for compensated absences, along with the current portion of the liability, is included in the government-wide financial statements.



**Claims and Judgments** - Claims and judgments are recorded as expenditures in governmental funds for the amount that will be liquidated with current available financial resources. The remainder of any liability is recorded in the government-wide financial statements.

**Net Asset classifications** – In the government-wide statements, net assets are classified and displayed in three components:

- Invested in capital assets – Consists of capital assets, net of accumulated depreciation.
- Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets".

In the fund financial statements, governmental fund net assets are classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated, as applicable.

**Use of Estimates** - The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, expenses, and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

#### **Note 2 - Change in accounting principles**

For the years ended after June 30, 2003, the Sheriff has implemented GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. GASB Statement No. 34 created new basic financial statements for reporting on the Sheriff's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the method of presentation in previously issued financial statements. Non-major funds are presented in total in one column in the fund financial statements. The Sheriff also implemented GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

#### **Note 3 - Budgets and Budget Basis of Accounting**

An annual expenditure budget is adopted for the General Fund. Revisions made to the original General Fund expenditures budget were as follows:

	Original Budget	Total reductions	Revised Budget
General Fund	\$ 23,141,600	\$ 586,000	\$ 22,555,600

#### **Note 4 - Cash and cash equivalents**

All deposits of the Sheriff are held by area financial institutions. At June 30, 2005, the carrying amount of the Sheriff's cash deposits was as follows:

	Government- wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets
Demand deposits	\$ 1,880,608	\$ 5,931,337
Interest bearing deposits (LAMP)	9,639,434	-
Total demand and interest bearing deposits	\$ 11,520,042	\$ 5,931,337

The bank balances in the General Fund, Fiduciary Funds and Special Revenue Funds totaled \$9,348,431. The difference in the bank balances and the carrying amounts presented above, is due to

outstanding checks at June 30, 2005. Of the bank balances, \$200,000 was covered by federal depository insurance (GASB Category 1) and \$10,510,670 was collateralized with securities held by the pledging financial institution's trust department or agent, but in the Sheriff's name (GASB Category 2).

In addition, the Sheriff had \$9,639,434 invested with LAMP at June 30, 2005. This investment is treated as an uncategorized mutual fund and is considered a cash equivalent for financial reporting purposes.

**Note 5 - Receivables**

Receivables in the General Fund at June 30, 2005 are as follows:

Ad valorem taxes	\$	9,820
Intergovernmental revenues:		
State funding		51,842
Federal grants		17,804
Fees, charges, and commissions for services:		
Tax collection		17,000
Civil and criminal fees		208,500
Transportation of prisoners		18,348
Refunds and reimbursements		23,276
Substation reimbursements		37,761
Other		22,094
Drug forfeiture		-
	\$	<u>406,445</u>

These amounts are presented in the accompanying financial statements under the captions:

Receivables	371,195
Due from Tax Collector	<u>35,250</u>
	\$ <u>406,445</u>

Receivables in the Tax Collector Agency Fund at June 30, 2005 of \$118,633 are for ad valorem taxes. These are actual amounts collected subsequent to year end within the time frame required for recognition.

**Note 6 - Investments**

The Sheriff has invested in FHLMC notes with a par value of \$2,000,000. The notes mature July 26, 2005 and bear zero interest. The Sheriff purchased the notes at a discount of \$27,097. As of June 30, 2005, the fair value of the investment in FHLMC notes is \$1,996,129.

**Note 7 - Capital assets**

A summary of changes in capital assets used in governmental activities is as follows:

	Balance July 1, 2004	Additions	Disposals	Balance June 30, 2005
Assets, at cost				
Buildings	\$ 41,299	\$ 94,260	\$ -	\$ 135,559
Law enforcement weapons and equipment	540,181	111,335	-	651,516
Computer equipment and office furniture and equipment	477,773	75,569	( 2,055 )	551,287
Equipment	318,720	8,157	-	326,877
Vehicles	4,880,378	818,857	( 328,745 )	5,370,490
Construction in Progress	-	727,890	-	727,890
Total cost	6,258,351	\$ 1,836,068	(\$ 330,800 )	7,763,619
Less accumulated depreciation	4,558,880	\$ 848,339	(\$ 330,800 )	5,076,419
Capital assets, net	\$ 1,699,471			\$ 2,687,200

**Note 8 - Defined Benefit Pension Plan**

*Description of Plan* - The Sheriff provides retirement, death, and disability benefits to substantially all of its employees through the Sheriffs' Pension and Relief Fund of Louisiana (System), a cost - sharing multiple-employer public employee statewide retirement system (PERS), controlled and administered by a separate board of trustees. All sheriffs and all deputies who are found to be physically fit at the time of original employment are required to participate in the System.

*Funding Status and Progress* - Benefit provisions are established in accordance with Louisiana State Statute. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Board of Trustees of the Sheriffs' Pension and Relief Fund of Louisiana, P.O. Box 3162, Monroe, LA 71210- 3163.

**Funding Policy**

Contributions to the System include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and a direct appropriation from the State of Louisiana. State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Covered employees were required to contribute 10%, 9.8% and 9.8% of their salary for the years ended June 30, 2005, 2004 and 2003, respectively. The Sheriff is required to contribute 9.75%, 9.25% and 9.25% for the years ended June 30, 2005, 2004 and 2003, respectively, of covered employees' salaries. The Sheriff's contributions for the years ended June 30, 2004, 2003 and 2002 were \$1,140,707, \$1,093,731 and \$807,069, respectively, equal to the required contribution for each year. In accordance with GASB Statement No.27, *Accounting for Pensions by State and Local Governmental Employers*, the net pension obligation was determined to be zero. Prior to adoption of GASB 27, the Sheriff did not report a pension liability for the System.

**Note 9 - Postretirement Benefits**

In addition to the pension benefits described in Note 7, the Sheriff provides certain continuing postretirement health care and life insurance benefits through the Louisiana Sheriffs' Association Group Benefits Plan in accordance with state statutes to all retired employees who were participants of the Plan prior to their retirement date. The premiums for retiree health insurance are paid by the Sheriff with life or dependent care premiums being paid by the retiree. The Sheriff recognizes the cost of providing these benefits as an expenditure on a pay-as-you-go basis when the monthly premiums are due. At June 30, 2005, there were one-hundred and six (106) retirees receiving benefits. The Sheriff's cost of benefits

provided to retirees was approximately \$210,139 for the year ended June 30, 2005.

**Note 10 - Lease Commitments**

At June 30, 2005 the Sheriff had eleven noncancelable operating leases. The building and facilities leases are for the Training Academy, Fleet Management facility, Organized Crime Division office, and the Keithville Substation. The minimum annual commitments under noncancelable operating leases are as follows:

Fiscal Year:		
2005-2006	\$	94,672
2006-2007		80,272
2007-2008		74,518
2008-2009		1,200
2009-2010		1,200
Thereafter		13,300
Total	\$	<u>265,162</u>

Total rental expenditure under operating leases was approximately \$110,750 for 2005. These payments are currently reimbursed by the Caddo Parish Commission, except the Training Academy, as required by law.

**Note 11 - Long-term liabilities**

The long-term liabilities of the Sheriff, which are due to governmental activities, consist of liabilities for accrued compensated absences and long term debt.

Activity in accrued compensated absences for the fiscal year ended June 30, 2005 is as follows:

Balance, July 1, 2004	\$	1,728,665
Additions for earned compensated absences		1,007,583
Less: use of accrued amounts	(	<u>956,301</u> )
Balance, June 30, 2005		1,779,947
Less current portion		<u>956,301</u>
Long-term portion	\$	<u>823,646</u>

The Sheriff borrowed \$400,000 from AmSouth Bank under a commercial loan dated June 6, 2005 payable in thirty-five (35) monthly installments of principal and interest beginning July 15, 2005 of \$11,926 and one final installment due June 6, 2008. Interest is at 4.65%. The note is guaranteed by the Sheriff's office. Amounts due in future years are: \$127,195 in fiscal year 2006; \$133,238 in fiscal year 2007 and \$139,567 in fiscal year 2008.

The Sheriff entered into a master note for business and commercial loans dated June 30, 2005 allowing the Sheriff to borrow up to \$3,500,000 with interest at 0.25% per annum above the Fed Funds rate for deposits used by the AmSouth Bank, subject to change. The amounts so borrowed are payable in quarterly installments beginning September 30, 2005, continuing until June 30, 2007 when all remaining amounts are due. No amounts were drawn by the Sheriff under this agreement as of June 30, 2005.

**Note 12 - Ad Valorem taxes**

The Sheriff is the ex-officio tax collector of the parish and is responsible for the collection and distribution of ad valorem taxes. Ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied by the parish government in June and are actually billed to taxpayers by the Sheriff in October. Billed taxes are due by December 30, and become delinquent on December 31 of the current year. The taxes are based on assessed values determined by the Tax Assessor of Caddo Parish

and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for compensation and pension fund contributions.

Ad valorem taxes are budgeted and recorded in the year for which levied and billed. For the year ended June 30, 2005, law enforcement taxes applicable to the Sheriff's General Fund, were levied at the rates described below on property with assessed valuations totaling \$1,364,082,180.

The following is a summary of authorized and levied ad valorem taxes which represent separate millages authorized by the voters as of June 30, 2005:

	Authorized Millage	Levied Millage	Expiration Date
Law enforcement	4.88	4.88	None
Law enforcement:			
General services	1.95	1.76	12/31/2012
Continued general services	3.16	2.85	12/31/2012
Continued general services	3.00	2.70	12/31/2012
Additional services	1.95	1.76	12/31/2012

**Note 13 - Changes in Agency Funds - Balances Due to Taxing Bodies and Others**

A summary of changes in agency fund balances due to taxing bodies and others follows:

	Sheriff's Funds	Tax Collector
Balance, July 1, 2004	\$ 739,903	\$ 4,580,378
Additions	10,644,604	157,226,774
Reductions	( 10,208,980 )	( 157,374,808 )
Balance, June 30, 2005	\$ 1,175,527	\$ 4,432,344

**Sheriff's Fund**

The Sheriff's Fund accounts for funds held in civil suits, Sheriff's sales, and garnishments. It also accounts for collections of bonds, fines, and costs and payment of these collections to the recipients in accordance with applicable laws.

**Tax Collector Fund**

Article V, Section 27 of the Louisiana Constitution of 1974 provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund accounts for the collection and distribution of these taxes and fees to the appropriate taxing bodies.

**Note 14 - State Revenue Sharing Funds**

The revenue sharing funds provided by Louisiana Act 945 were distributed as follows:

	2005
Caddo Parish	
Assessor	\$ 109,947
Commission	1,145,717
School Board	1,976,877
Sheriff	917,045
Waterworks districts	635
Sewerage districts	3,048
Fire protection districts	118,852
Shreve Memorial Library	388,515
Levee district	29,782
Red River Waterway Commission	108,209
Pension funds	202,612
Total	\$ 5,001,239

**Note 15 - Protest Taxes**

Louisiana Revised Statute 47:2110 provides that taxpayers, at the time of payment of all taxes due, may give notice to the Tax Collector of their intention to file suit for recovery of all or a portion of the total taxes paid. Upon receipt of this notice, the amount paid is segregated and held by the Tax Collector for a period of 30 days. If suit is filed within the 30-day period for recovery of such amounts, the funds are held pending outcome of the suit. If the taxpayer prevails, the Tax Collector refunds the amount due, with interest at the actual rate earned on the money paid under protest from the date the funds were received by the Tax Collector. At June 30, 2005, the Sheriff, as Tax Collector, held \$4,172,552 in protest taxes, which are reflected in unsettled balances due to taxing bodies and others in the statements of assets and liabilities.

**Note 16 - Contingencies, Litigation, and Claims*****Litigation***

At June 30, 2005, the Sheriff is named as defendant in several lawsuits. In the opinion of the Sheriff's legal counsel, no claims or suits exist for which there is insufficient insurance coverage and resolution of these matters will not have a material adverse effect on the financial condition of the Caddo Parish Sheriff.

***Grants***

The Sheriff participates in several federal and state assisted grant programs. These programs are subject to program compliance audits. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. The Sheriff believes that the amount of disallowances, if any, which may arise from future audits will not be material.

***Risk Management***

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and errors and omission. These risks are handled by the Sheriff through the purchase of various commercial insurance policies with varying coverage limits, deductibles, and premiums based on the type of policy. No significant reductions in insurance coverage from coverage in the prior year occurred and no claims exceeded the Sheriff's insurance coverage for each of the past three years.

### **Required Supplementary Information**

**CADDO PARISH SHERIFF**  
**Shreveport, Louisiana**

**General Fund Budgetary Comparison Schedule**  
**Year ended June 30, 2005**

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 13,100,000	\$ 13,300,000	\$ 13,268,027	\$ (31,973)
Sales tax	1,850,000	1,900,000	1,950,425	50,425
Penalties and interest on taxes	25,000	45,000	75,605	30,605
Permits	4,000	4,000	4,320	320
Gaming fees	200,000	250,000	265,091	15,091
State grants	100,000	10,000	45,062	35,062
State revenue sharing	935,000	935,000	394,160	( 540,840)
State supplemental pay	680,000	650,000	639,233	( 10,767)
Sales commissions	600,000	715,000	774,356	59,356
State permits	1,000	1,000	-	( 1,000)
Federal grants	150,000	150,000	256,074	106,074
Garnishment commissions	35,000	40,000	39,649	( 351)
Civil and criminal fees	475,000	600,000	621,637	21,637
Transporting prisoners	90,000	90,000	91,409	1,409
Outside civil service	175,000	190,000	173,349	( 16,651)
Stock patrol fees	3,000	2,000	1,351	( 649)
Notary fees			-	-
Notice of seizure	2,000	2,000	2,195	195
Accident reports	7,000	8,000	8,466	466
Tax collection fees	200,000	475,000	527,912	52,912
CCC accounting and administrative service	1,275,000	1,320,000	1,342,044	22,044
Criminal bail bond fees	120,000	140,000	128,702	( 11,298)
Commissions on fines	85,000	100,000	104,317	4,317
Criminal fees	135,000	155,000	166,430	11,430
Appearance bond forfeitures	30,000	85,000	88,253	3,253
Interest earned on investments	80,000	190,000	253,058	63,058
Probation and parole fees	445,000	435,000	380,030	( 54,970)
Gun permit fees	14,000	14,000	14,315	315
Youth activities fund			6,354	6,354
Miscellaneous revenue	410,000	362,000	1,026,951	664,951
CPC Reimbursement	175,000	40,000	137,166	97,166
Total revenue	<u>21,401,000</u>	<u>22,208,000</u>	<u>22,785,941</u>	<u>577,941</u>
<b>Expenditures</b>				
Personal services	15,529,000	15,280,600	15,364,438	( 83,838)
Contractual services	1,758,000	1,581,000	1,488,522	92,478
Materials and supplies	1,138,000	1,129,000	1,094,339	34,661
Statutory charges	322,600	297,000	304,620	( 7,620)
Other charges	2,665,000	2,336,000	2,340,020	( 4,020)
Capital expenditures	1,729,000	1,932,000	1,723,956	208,044
Total expenditures	<u>23,141,600</u>	<u>22,555,600</u>	<u>22,315,895</u>	<u>239,705</u>
Excess of revenues over expenditures	(1,740,600)	(347,600)	470,046	817,646
<b>Other financing sources</b>				
Proceeds from sale of fixed assets	21,000	27,000	27,253	253
Total other financing sources	<u>21,000</u>	<u>27,000</u>	<u>27,253</u>	<u>253</u>
Net changes in fund balances	(1,719,600)	(320,600)	497,299	817,899
Fund balance at beginning of year	<u>12,216,017</u>	<u>12,216,017</u>	<u>12,216,017</u>	<u>-</u>
Fund balance at end of year	<u>\$ 10,496,417</u>	<u>\$ 11,895,417</u>	<u>\$ 12,713,316</u>	<u>\$ 817,899</u>

See Independent Auditor's Report.



## **Supplemental Information**

**CADDO PARISH SHERIFF**  
**Shreveport, Louisiana**

**Fiduciary Funds - Agency Funds**  
**Combining Balance Sheet**

**June 30, 2005**

	<u>Sheriff's Fund</u>	<u>Tax Collector Fund</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 1,172,349	\$ 4,755,810	\$ 5,928,159
Accounts Receivable	-	118,633	118,633
Total assets	<u>\$ 1,172,349</u>	<u>\$ 4,874,443</u>	<u>\$ 6,046,792</u>
 <b>Liabilities</b>			
Accounts payable	\$ -	\$ 406,849	\$ 406,849
Payable to Sheriff's Office		35,250	35,250
Due to taxing bodies and others	1,172,349	4,432,344	5,604,693
Total liabilities	<u>\$ 1,172,349</u>	<u>\$ 4,874,443</u>	<u>\$ 6,046,792</u>

See Independent Auditor's Report.

**CADDO PARISH SHERIFF**  
**Shreveport, Louisiana**

**Fiduciary Funds - Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**

**For the year ended June 30, 2005**

	<u>Sheriff's Fund</u>	<u>Tax Collector Fund</u>	<u>Total</u>
Balances, June 30, 2004	\$ 739,903	\$ 5,834,562	\$ 6,574,465
Additions:			
Deposits			
Sheriff's sales	5,720,800	-	5,720,800
Bonds	1,127,827	-	1,127,827
Fines and costs	3,095,815	-	3,095,815
Garnishments	683,940	-	683,940
Other deposits	-	-	-
Taxes, State Revenue Sharing, and			
fees paid to tax collector	-	157,226,774	157,226,774
Total additions	<u>10,628,382</u>	<u>157,226,774</u>	<u>167,855,156</u>
Reductions:			
Taxes, State Revenue Sharing, and fees			
distributed to taxing bodies and others	-	158,186,893	158,186,893
Sheriff's General Fund	4,956,272	-	4,956,272
Litigants	3,379,415	-	3,379,415
District Attorney	586,485	-	586,485
Clerk of court	413,874	-	413,874
Indigent defender board	7,654	-	7,654
Other settlements	852,236	-	852,236
Total reductions	<u>10,195,936</u>	<u>158,186,893</u>	<u>168,382,829</u>
Balances, June 30, 2005	<u>\$ 1,172,349</u>	<u>\$ 4,874,443</u>	<u>\$ 6,046,792</u>

See Independent Auditor's Report.

**CADDO PARISH SHERIFF**  
**Shreveport, Louisiana**

**Tax Collector Agency Fund**  
**Statement of Collections, Distributions and Unsettled Balances**

**For the year ended June 30, 2005**

Unsettled balances due to taxing bodies and others, at beginning of year	<u>\$ 4,580,378</u>
Collections	
Ad valorem taxes	148,523,598
State revenue sharing	5,001,239
Sporting licenses	3,297
Interest income on demand deposits	207,773
Refunds and redemptions	2,955,044
Miscellaneous costs	<u>535,823</u>
Total collections	<u>157,226,774</u>
Distributions	
Louisiana Tax Commission	18,431
Louisiana Department of Agriculture and Forestry	24,960
Louisiana Department of Wildlife and Fisheries	3,779
Caddo Parish	
Commission	29,058,338
School Board	82,418,482
Sheriff	14,848,935
Assessor	2,678,466
Waterworks districts	43,662
Sewerage districts	142,295
Fire protection districts	4,610,611
Hospital district	185,788
Levee district	631,615
Shreve Memorial Library	9,178,724
Clerk of Court	26,364
Red River Waterway Commission	2,557,780
Caddo/Bossier Port Commission	2,793,516
Pension funds	4,447,278
Refunds and redemptions	<u>3,705,784</u>
Total distributions	<u>157,374,808</u>
Unsettled balances due to taxing bodies and others, at end of year	<u>\$ 4,432,344</u>

## ROBERTS, CHERRY & COMPANY

*Certified Public Accountants, Consultants*

### Independent Auditor's Report

The Honorable Steve Prator  
Caddo Parish Sheriff  
Shreveport, Louisiana

We have audited the accompanying basic financial statements of the Caddo Parish Sheriff, as of and for the year ended June 30, 2005, as listed in the Table of Contents. These basic financial statements are the responsibility of the Caddo Parish Sheriff's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Caddo Parish Sheriff, as of June 30, 2005, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2005 on our consideration of the Caddo Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 1 through 7 and 26 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Caddo Parish Sheriff. The supplemental information contained on pages 27 through 29 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*ROBERTS, CHERRY AND COMPANY*  
ROBERTS, CHERRY AND COMPANY

A Corporation of  
Certified Public Accountants  
Shreveport, Louisiana  
September 23, 2005

**ROBERTS, CHERRY & COMPANY**  
*Certified Public Accountants, Consultants*

**Report on Compliance and on Internal Control Over Financial Reporting  
Based on an Audit of Financial Statements Performed  
in Accordance With Government Auditing Standards**

The Honorable Steve Prator  
Caddo Parish Sheriff  
Shreveport, Louisiana

We have audited the financial statements of the Caddo Parish Sheriff as of and for the year ended June 30, 2005, and have issued our report thereon dated September 23, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Caddo Parish Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. *Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.* A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance**

As part of obtaining reasonable assurance about whether the Caddo Parish Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of management and federal awarding agencies, pass-through entities and the State of Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

**ROBERTS, CHERRY AND COMPANY**  
ROBERTS, CHERRY AND COMPANY

A Corporation of Certified  
Public Accountants  
Shreveport, Louisiana  
September 23, 2005